


**COUNCIL PRESIDENT SCOTT PETERS
FIRST DISTRICT****MEMORANDUM**

DATE: July 18, 2008

TO: Honorable City Councilmembers

FROM: Council President Scott Peters 

SUBJECT: Consideration of Salary Increase for the Independent Budget Analyst ("IBA")

The City Council recently conducted the third annual performance evaluation for Andrea Tevlin, the City's first Independent Budget Analyst. Over the past two and a half years, the Office of the IBA has been an integral component of the City's transition to the Strong Mayor/Council form of government. The IBA has been extremely valuable in improving transparency, accountability and responsiveness in the City's legislative and budgetary processes. Last spring, the Mayor's Charter Review Committee recommended that the Office of the IBA be made permanent as part of Charter reform. This has since been authorized by the electorate as part of the approval of Proposition C on June 3, 2008.

The IBA has consistently provided objective, professional and thorough analysis of budget, fiscal and other policy matters that have come before the City Council. The IBA staff has effectively carried out the mission as originally envisioned the City Council and the voters for the Strong Mayor/Council form of government. The Office of the IBA has made significant contributions in addressing this City's challenges and has been a positive force in helping to move forward with reform efforts. The Office has consistently advocated for best practices and has made sound recommendations with respect to the City's budgeting processes; implementation of managed competition and business process reengineering; institutionalizing performance measures; pension reform; Audit Committee and Auditor independence; financial training for the City Councilmembers; and Equal Opportunity Contracting and Community Development Block Grant reforms among others.

For the past two years, the IBA has turned down salary increases. Her salary has remained at \$180,000 since her date of hire in January 2006. In recognition of her outstanding performance, I am recommending that the Council approve an increase in salary effective August 1, 2008, in an amount to be determined by the City Council.

SHP:bbk

OFFICE OF THE INDEPENDENT BUDGET ANALYST**SIGNIFICANT ACCOMPLISHMENTS AND REPORTS
JULY 2007 THROUGH JUNE 2008****Charter Review Committee**

Attended and actively participated in the three subcommittees and the full Committee by providing research on numerous topics and advocating for best financial practices as well as preservation or strengthening of the role of the legislative body. Our office successfully advocated for ballot language that required an independent Audit Committee to be comprised of members appointed solely by the City Council. Separately, the Committee members advocated for permanency of the IBA regardless of the form of government. Both of these items were approved by the voters in June.

Pension Reform

In response to the Mayor proposing a single, complex option to the Council for pension reform, our office designed and evaluated six alternative pension reform proposals for Council consideration working with the City's outside actuary. The proposed options generated savings equal to or greater than the Mayor's proposal, addressed similar goals for reform, were more competitive with other public agencies and easier to administer. This preliminary research helped to facilitate the pension reform compromise under consideration for the November ballot.

Performance Measures

Since early 2007 our office has strongly advocated for the development and implementation of performance measures for all City operations and for their incorporation into the annual budget process. In the absence of such measures, we developed a *Statement of Budgetary Principles for FY 2008* between the Mayor and the Council to assist in monitoring programmatic expenditures throughout the year.

In October we prepared two substantial reports for the Budget and Finance Committee on *Park and Recreation and Library Service Levels and Benchmarking*. Throughout the year we worked with the Mayor's Office to ensure that the FY 2009 budget would include performance measures of value to the City Council in budget decision-making. In March a full set of departments' performance measures were presented to the Budget and Finance committee for preliminary review and were subsequently incorporated into the Mayor's FY 2009 budget documents.

Managed Competition/Business Process Reengineering

In September 2007 we issued a report noting the delay in implementation of both programs and the need for process clarification particularly with respect to the role of the Independent Review Board and the City Council. Since September we have facilitated several meetings with the Mayor's Business Office staff and stakeholders to discuss possible improvements to both processes. We have issued and presented five reports to help clarify roles; to simplify the processes; to identify areas for improvements; and to

recommend changes to appropriate ordinances. Progress has been made and recommendations for program improvements will be considered by council later this month.

Ongoing Audit Committee Implementation

We managed the procurement process for securing Jefferson Wells as professional consultant to the Audit Committee and developed scope of work, facilitated workflow, reviewed work products, assisted in issue resolution and monitored the contract. Our office facilitated consensus recommendations regarding City Auditor reporting protocols with the Audit Committee and the City Council, reviewed and commented on the Mayor's internal controls reports, assisted with the hotline analysis among other issues.

Financial Training

We carried out the Council's commitment to financial training by working with the Mayor's Office to provide training sessions on *Debt Issuance and Administration* and *Variable Rate Debt and Derivatives Options* for the full Council in September 2007 and January 2008 respectively.

Current Year Budget Monitoring

In response to our concerns about the City's current year monitoring process and FY 2007 end of year surpluses, we tightened budget monitoring processes internally in our office to carefully track and compare quarterly and Charter 39 monthly status reports throughout the year and identify issues of concern at Budget and Finance Committee. We proposed ways that FM could minimize the use of reserves mid-year by reallocating unexpended funding between departments; and worked with FM to accelerate their schedule for the FY 2008 End of Year Report to ensure that Council would have a more accurate and timely update of the current year status and its' impact on FY 2009 prior to rather than after FY 2009 budget adoption.

Equal Opportunity Reform

Issued report in August 2007 to address concerns raised by Council and community members regarding the City's equal opportunity program and its effectiveness. Our report identified numerous shortfalls in the program with respect to oversight, enforcement and results. This led to numerous reforms including Mayoral creation of a Task Force to recommend and implement critical reforms in which we actively participate; increased Commission oversight; hiring of an outside consultant to help identify areas for improvement and additional EOC staff for increased enforcement; and numerous changes to policies, practices and procedures.

Community Development Block Grant Process Improvements

We actively participated throughout the year in the ad hoc group charged with reviewing the City's CDBG policies and practices. Assisted in the development of numerous recommendations to change the FY 2009 CDBG Program allocation process to address deficiencies outlined in HUD audits. Initial phases of recommendations have been approved by Council and are being implemented.

Review of the Mayor's Five Year Outlook

We issued a 41-page report reviewing and analyzing the *Mayor's 2009-2013 Five Year Financial Outlook* and presented our findings to the Budget and Finance Committee in January. We reviewed all underlying assumptions, accuracy of data, consistency with the prior year's *Outlook*, completeness and reliability of information, consideration of "risks" and accurate portrayal of proposals. We made findings on each of the major areas including expenditures, revenues, eight significant areas, corrective actions and future committed expenditures; outlined items that were not sufficiently considered in the *Outlook*; and made suggestions for enhancing future outlooks.

FY 2009 Budget

Our office issued a 212-page preliminary report on the *Mayor's Proposed Budget* on April 29th, identifying numerous issues for Council review, and we released a 16-page final report, "*Recommended Revisions to the Fiscal Year 2009 Proposed Budget*" on May 30, 2008. We presented our *Preliminary Report* at the first budget hearing on April 30th and provided support throughout all of the budget hearings by providing summary notes on our findings for each department under review and presenting issues for further Council discussion.

In our final report we presented two levels of possible changes to the Mayor's budget and presented the proposal to the Budget and Finance Committee on June 4th. We issued a follow up report on June 6th, "*FY 2009 Budget Deliberations*", in response to Committee comments, and presented it to the full City Council on June 9th. The Council approved the recommended package of budget changes totaling \$5.2 million which restored 50 positions to maintain current year service levels, added one new position each for the Clerk and IBA and added 9.0 FTE's to operate Fire's second helicopter. Offsetting revenues and/or expenditure reductions were identified to keep the budget in balance including a proposal to increase CCDC's loan repayment from \$5 m to \$7.5 m.

The Mayor subsequently vetoed the full proposal of modifications and the Council then overrode the Mayor's veto. We also developed the annual budget process calendar, prepared the *Council Budget Priorities Resolution*, assisted in preparation of the *Appropriation Ordinance* and responded to numerous follow-up requests for information throughout the budget process.

Responses to Grand Jury Reports

Prepared timely Council responses to the following Grand Jury reports: *San Diego Real Estate Assets*; *Qualcom Revisited*; *Past Grand Jurors' Board*; *Water ReUse*; *History Hysteria*; and *Development Services*.

Structural Budget Deficit

Issued first internal report making the case that the City is facing a structural budget deficit; outlined the process San Jose recently undertook to develop solutions to their structural deficit; and made recommendations for moving forward with a similar citizen involvement effort in San Diego.

Citizen's Guide to the City's Budget Process

Published City's first guide to assist citizens in understanding the City's budget – where money comes from, where money goes, how and when to effectively participate in the budget process, roles of key officials and how to contact them, etc.

Redevelopment

We issued a proactive report on redevelopment in San Diego which provided an overview of redevelopment; statistical information about the City's redevelopment project areas including comparative data with the County and State; and reviewed two specific and significant issues: outstanding redevelopment debt to the City and the organization of the redevelopment agency. Our office has also provided assistance in the discussion on the reorganization of the Agency including identifying components to be discussed as part of the cost analysis. In the budget process, advocated for accelerating loan repayments from CCDC to the City.

Water/Wastewater/Environmental Services

Our office provided analysis and feedback on two measures designed to increase the City's recycling efforts, the *Construction and Demolition Ordinance* and the *City Recycling Ordinance*. We confirmed the accuracy of the proposed water rate increase attributable to the County Water Authority pass-through, and of the sewer rate increase related to the *Shames* settlement. Reviewed and analyzed the updated *Jurisdictional Urban Runoff Management Plan*, the roadmap for achieving compliance with storm water runoff regulations set by the Regional Water Quality Control Board.

Identification of Fire-Rescue Needs and Funding Plan

Our office issued two comprehensive reports, one in February and one in May, which analyzed, updated and prioritized findings of past reports relative to the backlog of critical Fire-Rescue needs; updated all cost estimates of unfunded needs; identified potential funding solutions; provided historical background on past efforts and reports; discussed service impacts attributable to the shortfall in resources; and incorporated the results of the "2007 After Action Report" and the status of the Mayor's Regional Fire Committee.

<div style="float: left; font-size: 24pt; font-weight: bold;">000935</div> <div style="float: right; text-align: center;"> REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO </div> <div style="clear: both;"></div>		1. CERTIFICATE NUMBER (FOR AUDITOR'S USE ONLY) <div style="text-align: right;">118</div>	
TO: CITY ATTORNEY		2. FROM (ORIGINATING DEPARTMENT): Council President Scott Peters	
3. DATE: 7/17/08		07/29	
4. SUBJECT: Consideration of Salary Increase for Independent Budget Analyst			
5. PRIMARY CONTACT (NAME, PHONE, & MAIL STA.) Betsy Kinsley x66611, MS 10A		6. SECONDARY CONTACT (NAME, PHONE, & MAIL STA.) 	
7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED			<input type="checkbox"/>
8. COMPLETE FOR ACCOUNTING PURPOSES			
FUND			
DEPT.			
ORGANIZATION			
OBJECT ACCOUNT			
JOB ORDER			
C.I.P. NUMBER			
AMOUNT			
9. ADDITIONAL INFORMATION / ESTIMATED COST: No fiscal impact. Salary increase will be absorbed within current funding in the adopted Fiscal Year 2009 budget of the Office of the IBA.			
10. ROUTING AND APPROVALS			
ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIG. DEPT	<i>E. Kinsley</i>	7/18/08
2			
3			
4	LIAISON OFFICE		
5			
6			
7			
8	DEPUTY CHIEF		
9	COO		
10	CITY ATTORNEY		
11	ORIG. DEPT	<i>E. Kinsley</i>	7/18/08
		DOCKET COORD: _____	COUNCIL LIAISON: _____
		<input checked="" type="checkbox"/> COUNCIL PRESIDENT <input type="checkbox"/> SPOB	<input checked="" type="checkbox"/> CONSENT <input type="checkbox"/> ADOPTION
		<input type="checkbox"/> REFER TO: _____	COUNCIL DATE: <i>7/29/08</i>
11. PREPARATION OF: <input checked="" type="checkbox"/> RESOLUTION(S) <input type="checkbox"/> ORDINANCE(S) <input type="checkbox"/> AGREEMENT(S) <input type="checkbox"/> DEED(S)			
1. City Council consideration of salary increase for the Independent Budget Analyst to \$ _____. 2. Directing the City Attorney to prepare the appropriate resolution in accordance with Charter Section 40.			
11A. STAFF RECOMMENDATIONS:			
12. SPECIAL CONDITIONS <u>COUNCIL DISTRICT(S):</u> <u>COMMUNITY AREA(S):</u> <u>ENVIRONMENTAL IMPACT:</u> <u>HOUSING IMPACT:</u> <u>OTHER ISSUES:</u>			